



FX Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

22 April 2021



From CEO's Desk

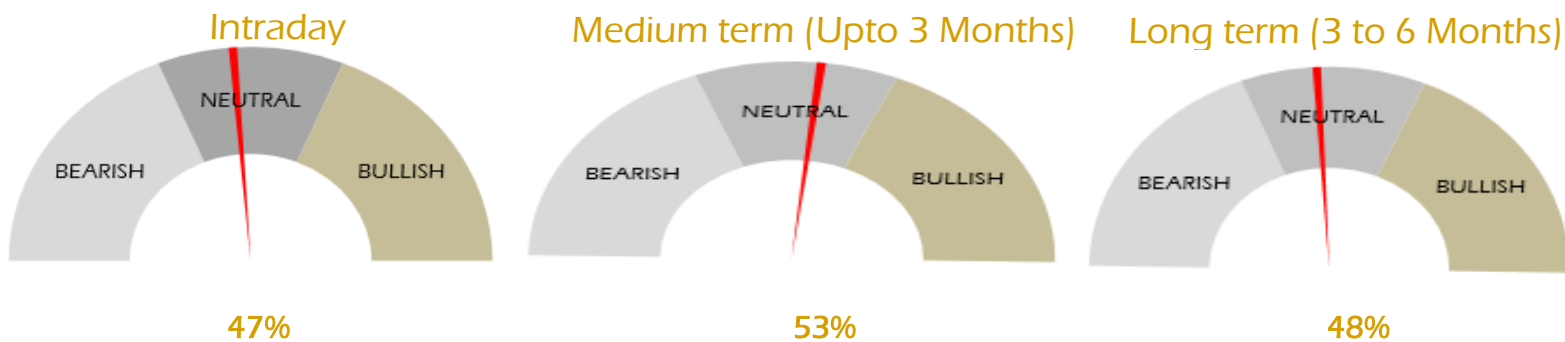


Mr. Abhishek Goenka

The risk sentiment in the Asia session is holding up after Dow ended with gains of close to 1%. US yields have fallen 3-5bps across the curve with the yield on 30y at 2.23% 10y now at 1.53% and 5y at 0.78%. The US dollar has weakened overnight with Euro, Aussie, Sterling all up around 40 pips. The Bank of Canada trimmed its weekly asset purchases and brought forward its guidance on rate hikes. The Canadian Dollar appreciated post the policy. BoC became the first major G10 central bank to withdraw accommodation. The focus will be on the ECB monetary policy today. The ECB is likely to maintain a status-quo but a shift to a slightly more hawkish stance is possible given the improvement in Eurozone economic conditions and a vaccine program which is now on track to vaccinate 50% of the population by June. The ECB is likely to indicate that asset purchases would continue at the current pace until June. 1.1980 is now crucial support for the Euro. US weekly jobless claims also due today. Indian assets are likely to underperform as more states have introduced more stringent restrictions to tackle the second wave. Domestic bonds may rally tracking a drop in US yields and fall in crude prices.

Strategy: Exporters are advised to cover a part of their near-term exposure on upticks towards 75.50. Importers are advised to cover through forwards on dips towards 74.50. The 3M range for USDINR is 73.50 – 76.00 and the 6M range is 73.00 – 76.50.

IFA Dollar- Rupee Sentiment Index



Note: The above outlook is based on IFA Global Research Academy Proprietary ("IFA Dollar - Rupee Sentiment Index") based on various techno-fundamental factors relevant to the particular outlook horizon. The index weights have been arrived at after rigorous back testing. The factors which are considered for computation of barometers includes pre-defined and back tested weightage given to fundamental factors such as economic data, FII flows, Global equity markets, Government & RBI activity, Onshore-offshore activity, other peer currency performance and other macro economic factors. Further, this module also considers factors such as major MPC member's speech, meeting or summit. On the technical front, factors include indicators and oscillators such as RSI, stochastic, combination of moving averages and other basic & advance technical studies. (0 - 20%=extremely bearish, 21% - 40%=bearish, 41% - 60%=neutral, 61% - 80%=bullish, 81% - 100% extremely bullish)

News On The Street

“

Bank of Canada becomes first to signal exit from stimulus.

”

- Oil extends losing run on U.S. stockpile gain, demand concerns.
- Biden offers tax credits for COVID-19 vaccination paid time off.
- Sidestepping taper talk, ECB to stick to stimulus plans.
- Gold comes within hair's breadth of \$1,800, first since feb.
- India: Domestic crude oil output slides 5.22% In FY21.

FX Outlook for the day

● **USDINR (RANGE : 75.10 - 75.50)**



The USDINR pair opened gap up at 75.32 levels. Rupee continued to trade under pressure as the covid cases continue to surge in India and more states lockdown raises economic recovery concerns. Pair settled at 74.88 levels in the previous session. ICRA Ratings cut the upper end of its earlier GDP forecast from 10-11% to 10-10.5%. The pair is expected to trade with a sideways bias.



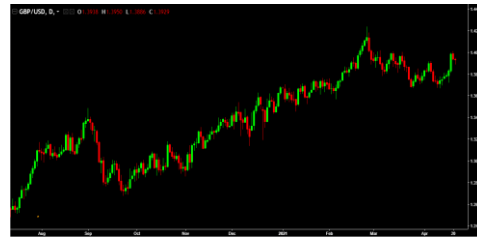
● **EURUSD (RANGE: 1.1970 - 1.2150)**



The EUR has started to rebound in April. The pair has climbed back above the 1.2000 level. Market participants are already beginning to anticipate that the ECB will slow down the pace of QE purchases in Q3 which alongside the improving growth outlook is helping to lift European yields and the euro. Improving investor risk sentiment has been supported as well by building optimism over the outlook for the global recovery.



● **GBPUSD (RANGE: 1.3880-1.4050)**



The British pound tried to break above the 1.40 level during the last trading session but remained pressured near 1.3950. The UK CPI 12-month rate came in at +0.7% in March when compared to +0.4% booked in February while missing expectations of a +0.8% print. Meanwhile, the core inflation rose to 1.1% YoY last month versus +0.9% registered in February, matching the consensus forecast of +1.1%.



● **USDJPY (RANGE: 107.20-108.70)**



The USDJPY pair recovered some ground and traded near 108 levels. Japan published the February Tertiary Industry Index, which resulted at 0.3% MoM, better than the previous print of -1.7%. The yen has picked up the bid in Asia as the US dollar struggled to maintain a bid as the global risk-off mood saw a flight to treasuries which flattened the curve and leaved yields down.



IFA Outlook

	Q1 FY 2021-22	Q2 FY 2021-22	Q3 FY 2021-22	Q4 FY 2021-22
USDINR	73.50 - 76.00 ↑	74.00 - 77.00 ↔	74.50 - 77.50 ↑	74.50 - 77.50 ↔
\$ INDEX	90.00 - 94.50 ↑	91.00 - 95.50 ↑	92.00 - 96.00 ↔	94.00 - 98.00 ↑
EURUSD	1.1600 - 1.2050 ↔	1.1450 - 1.2100 ↓	1.1750-1.2300 ↑	1.1650 - 1.2200 ↓
GBPUSD	1.3650 - 1.4200 ↑	1.3800 - 1.4400 ↑	1.3800 - 1.4500 ↑	1.4000 - 1.4800 ↑
USDJPY	106.00 - 111.00 ↔	107.00 - 113.00 ↑	105.00 - 110.00 ↓	107.00-112.00 ↔
AUDUSD	0.7400 - 0.8000 ↔	0.7500 - 0.8100 ↑	0.7400- 0.8000 ↔	0.7200 - 0.7800 ↓
GOLD	\$1650- \$2100 ↑	\$1700- \$2200 ↑	\$1700- \$2150 ↔	\$1600- \$2000 ↓

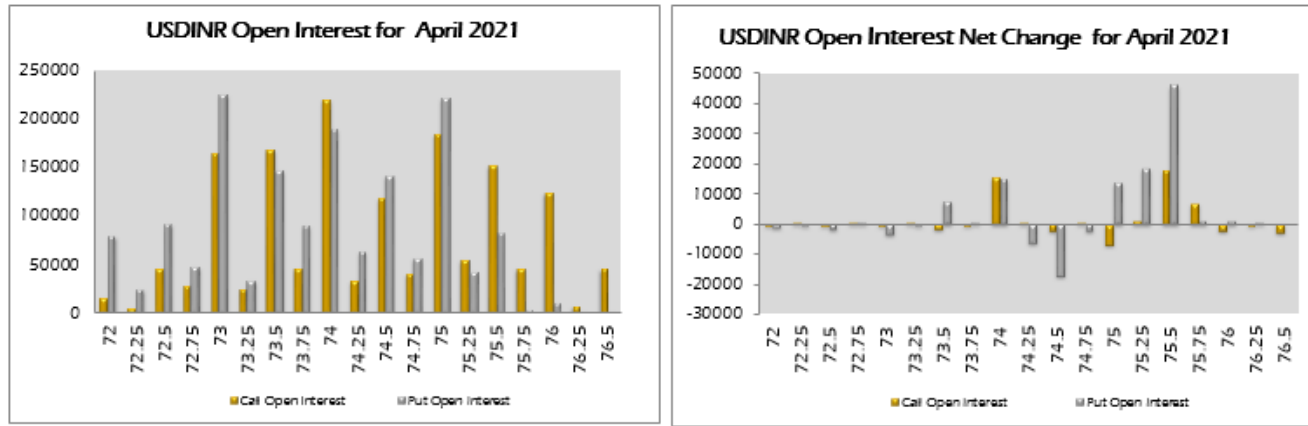
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Activity Kurtosis

• USDINR Open Interest (April expiry)

“ Highest OI for Call is seen at 74.00 and put is seen 73.00. Highest OI intraday Call and put buildup is seen at 75.50.

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• FII activity against USDINR and Nifty

“ FIIs have so far infused \$6.79 billion in the Calendar year 2021

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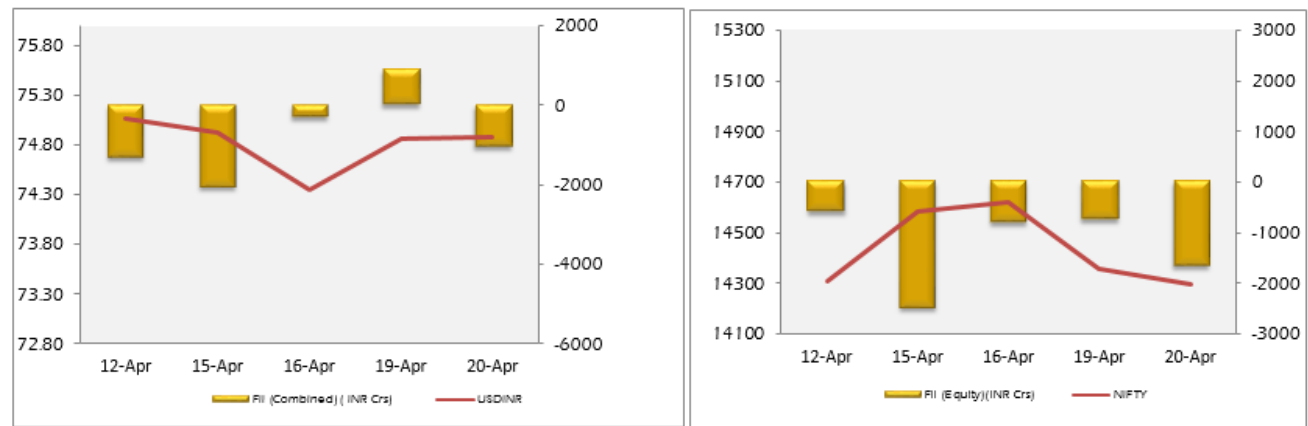


Chart of the Day

USDINR: 75.32

“ The USDINR pair made a gap up opening at 75.32 today. Immediate resistance to be at 75.73 levels. On the flipside, the immediate support will be the breakout level of 74.50. Major technical indicators suggest neutral bias for the day.

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Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.07	0.11	0.22	0.28
EUR	-0.58	-0.57	-0.52	-0.49
JPY	0.04	-0.07	-0.05	0.05

Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.30	0.88	3.44	7.52
EURINR	0.41	1.23	4.93	10.85
GBPINR	0.42	1.25	4.94	10.69
JPYINR	0.29	0.87	3.52	7.85

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	28649.61	0.10
	SHANGHAI	3467.70	-0.15
	NIKKEI	29050.95	1.90
INDIA	SENSEX	47705.80	-0.51
	NIFTY	14296.40	-0.44
US	CAC	6210.55	0.74
	DAX	15195.97	0.44
	FTSE	6895.29	0.52
	DOW	34137.31	0.93
	NASDAQ	13950.22	1.19

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1794.49	1.01	0.06
SILVER (\$/ounce)	26.46	-0.04	-0.13
WTI Crude (\$/bbl)	60.80	-0.55	-0.9
Dollar INDEX	91.06	-0.09	-0.1
Bloomberg ADXY	108.37	0.10	0.09

FPI INFLOWS	FY 2021-22	CY 2021	20-Apr-21
EQUITY	-7,042	48,701	-1,654
DEBT	2,264	2,138	587
HYBRID	-75	-23	-19
TOTAL	-4,853	50,816	-1,086

Figures are in INR Crores

Pivot Points

	Pivot	S2	S1	P	R1	R2
USDINR		73.62	73.99	74.65	75.02	75.68
EURINR		87.99	88.51	89.34	89.86	90.69
GBPINR		101.22	102.02	102.87	103.67	104.52
JPYINR		67.37	67.85	68.52	69.00	69.67

JPYINR pair is likely to face immediate resistance at 69.67 (R2)

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
20-Apr	JPY	10:00 AM	Tertiary Industry Activity Index (MoM)	0.30%		-1.7%	Bullish
	EUR	11:30 AM	German PPI (YoY) (Mar)	3.70%	3.3%	1.9%	Bullish
	GBP	11:30 AM	Unemployment Rate (Feb)	4.90%	5.1%	5.0%	Bullish
22-Apr	GBP	3:30 PM	CBI Industrial Trends Orders (Apr)		2	-5	
	EUR	5:15 PM	ECB Marginal Lending Facility			0.25%	
	USD	6:00 PM	Initial Jobless Claims		617K	576K	

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